



Senate

General Assembly

File No. 448

January Session, 2023

Substitute Senate Bill No. 1177

Senate, April 5, 2023

The Committee on Labor and Public Employees reported through SEN. KUSHNER of the 24th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING ONE FAIR WAGE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 31-60 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2023*):

3 (a) [Except as provided in subdivision (5) of subsection (i) of section
4 31-58, any] Any employer who pays or agrees to pay to an employee
5 less than the minimum fair wage or overtime wage shall be deemed in
6 violation of the provisions of this part.

7 (b) The Labor Commissioner shall adopt such regulations, in
8 accordance with the provisions of chapter 54, as may be appropriate to
9 carry out the purposes of this part. Such regulations may include, but
10 are not limited to, regulations defining and governing an executive,
11 administrative or professional employee and outside salesperson;
12 [learners and apprentices, their number, proportion and length of
13 service;] and piece rates in relation to time rates; and shall recognize, as
14 part of the minimum fair wage, [gratuities in an amount (1) equal to

15 twenty-nine and three-tenths per cent, and effective January 1, 2009,
16 equal to thirty-one per cent of the minimum fair wage per hour, and
17 effective January 1, 2014, equal to thirty-four and six-tenths per cent of
18 the minimum fair wage per hour, and effective January 1, 2015, and
19 ending on June 30, 2019, equal to thirty-six and eight-tenths per cent of
20 the minimum fair wage per hour for persons, other than bartenders,
21 who are employed in the hotel and restaurant industry, including a
22 hotel restaurant, who customarily and regularly receive gratuities, (2)
23 equal to eight and two-tenths per cent, and effective January 1, 2009,
24 equal to eleven per cent of the minimum fair wage per hour, and
25 effective January 1, 2014, equal to fifteen and six-tenths per cent of the
26 minimum fair wage per hour, and effective January 1, 2015, and ending
27 on June 30, 2019, equal to eighteen and one-half per cent of the minimum
28 fair wage per hour for persons employed as bartenders who customarily
29 and regularly receive gratuities, and (3) not to exceed thirty-five cents
30 per hour in any other industry, and shall also recognize] deductions and
31 allowances for the value of board, in the amount of eighty-five cents for
32 a full meal and forty-five cents for a light meal, lodging, apparel or other
33 items or services supplied by the employer; and other special conditions
34 or circumstances which may be usual in a particular employer-
35 employee relationship. The commissioner may provide, in such
36 regulations, modifications of the minimum fair wage herein established
37 [for learners and apprentices; persons under the age of eighteen years;
38 and] for such special cases or classes of cases as the commissioner finds
39 appropriate to prevent curtailment of employment opportunities, avoid
40 undue hardship and safeguard the minimum fair wage herein
41 established. Regulations in effect on July 1, 1973, providing for a board
42 deduction and allowance in an amount differing from that provided in
43 this section shall be construed to be amended consistent with this
44 section.

45 (c) Regulations adopted by the commissioner pursuant to subsection
46 (b) of this section which define executive, administrative and
47 professional employees shall be updated not later than October 1, 2000,
48 and every four years thereafter, to specify that such persons shall be
49 compensated on a salary basis at a rate determined by the Labor

50 Commissioner.

51 [(d) (1) Effective July 1, 2019, the Labor Commissioner shall
52 recognize, as part of the minimum fair wage, gratuities in an amount
53 equal to the difference between the minimum fair wage and the
54 employer's share per hour for persons, other than bartenders, who are
55 employed in the hotel and restaurant industry, including a hotel
56 restaurant, who customarily and regularly receive gratuities. The Labor
57 Commissioner shall also recognize, as part of the subminimum wage
58 established in subdivision (5) of subsection (i) of section 31-58, gratuities
59 in an amount equal to the difference between such subminimum wage
60 and the employer's share per hour for persons, other than bartenders,
61 who are employed in the hotel and restaurant industry, including a
62 hotel restaurant, who customarily and regularly receive gratuities.

63 (2) Effective July 1, 2019, the Labor Commissioner shall recognize, as
64 part of the minimum fair wage, gratuities in an amount equal to the
65 difference between the minimum fair wage and the employer's share
66 per hour for persons employed as bartenders who customarily and
67 regularly receive gratuities.

68 (3) As used in this subsection "employer's share" means (A) six dollars
69 and thirty-eight cents per hour for persons, other than bartenders, who
70 are employed in the hotel and restaurant industry, including a hotel
71 restaurant, who customarily and regularly receive gratuities, and (B)
72 eight dollars and twenty-three cents per hour for persons employed as
73 bartenders who customarily and regularly receive gratuities.

74 (4) Notwithstanding any other law or regulation, any claim brought
75 under this subsection, section 31-68 as it relates to gratuities as part of
76 the minimum wage or section 31-62-E3 of the regulations of Connecticut
77 state agencies filed after September 24, 2022, shall be adjudicated, solely,
78 under section 31-60-2 of the regulations of Connecticut state agencies
79 effective on September 24, 2020, and any amendments thereto.

80 (e) On and after October 1, 2020, no employer may take any action to
81 displace an employee, including, but not limited to, a partial

82 displacement of an employee, such as reducing the employee's hours,
 83 wages or employment benefits, for purposes of hiring persons under the
 84 age of eighteen years at a rate below the minimum fair wage. If the Labor
 85 Commissioner determines that an employer has violated this
 86 subsection, the commissioner shall suspend the employer's right to pay
 87 the reduced rate for employees for a period of time specified in
 88 regulations adopted pursuant to subsection (b) of this section.]

89 Sec. 2. Subdivisions (5) and (6) of subsection (i) of section 31-58 of the
 90 general statutes are repealed and the following is substituted in lieu
 91 thereof (*Effective October 1, 2023*):

92 [(5) The rates for all persons under the age of eighteen years, except
 93 emancipated minors, shall be not less than eighty-five per cent of the
 94 minimum fair wage for the first ninety days of such employment, or ten
 95 dollars and ten cents per hour, whichever is greater, and shall be equal
 96 to the minimum fair wage thereafter, except in institutional training
 97 programs specifically exempted by the commissioner.]

98 [(6)] (5) After two consecutive quarters of negative growth in the
 99 state's real gross domestic product, as reported by the Bureau of
 100 Economic Analysis of the United States Department of Commerce, the
 101 Labor Commissioner shall report his or her recommendations, in
 102 writing, to the Governor regarding whether any scheduled increases in
 103 the minimum fair wage pursuant to this section should be suspended.
 104 Upon receiving the report, the Governor may submit his or her
 105 recommendations regarding the suspension of such minimum fair wage
 106 increases to the General Assembly.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2023	31-60
Sec. 2	October 1, 2023	31-58(i)(5) and (6)

LAB Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill, which removes the "tip credit" under the minimum wage law, does not result in any fiscal impact as any public employers employing workers at the "subminimum" wage are currently required to make up the difference from the minimum wage if tips do not cover it.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sSB 1177*****AN ACT CONCERNING ONE FAIR WAGE.*****SUMMARY**

This bill removes the law's "tip credit" provision, which currently allows employers to pay hotel and restaurant staff and bartenders who customarily receive tips less than the minimum wage, as long as their tips make up the difference. Under current law, the tip credit allows employers to pay hotel and restaurant staff \$6.38 per hour and bartenders \$8.23 per hour, as long as their tips make up the rest of the minimum wage requirement (currently \$14.00 per hour). Removing the tip credit requires employers to pay these employees at least the full minimum wage. By law, the minimum wage increases to \$15.00 per hour on June 1, 2023, and then beginning January 1, 2024, it will be annually adjusted based on changes to the federal employment cost index (CGS § 31-58).

The bill also removes provisions that allow employers, under certain conditions, to pay less than the minimum wage to learners, apprentices, and people under age 18 (minors) unless they are emancipated minors. In doing so, the bill similarly requires that learners, apprentices, and unemancipated minors be paid at least the full minimum wage. Under current law, unemancipated minors may generally be paid as low as 85% of the minimum wage for their first 90 days of employment.

Lastly, the bill makes conforming changes to remove provisions that (1) specify how certain tip-credit-related lawsuits must be adjudicated and (2) prohibit employers from displacing employees to hire minors at a sub-minimum wage.

EFFECTIVE DATE: October 1, 2023

BACKGROUND***Learners***

Under current regulations, “learners” are students in an established vocational training program for an occupation that is not apprenticeable but has a long training period. They may be paid a sub-minimum wage for up to 200 hours in an approved training program with written permission from the labor commissioner (Conn. Agencies Regs., § 31-60-7).

Apprentices

Under current regulations, an “apprentice” is someone at least age 16 who is employed to learn a skilled trade in a bona fide apprentice program approved by the Connecticut State Apprenticeship Council. An employer must have permission from the labor commissioner for each apprentice paid less than the minimum wage (Conn. Agencies Regs., § 31-60-8).

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 8 Nay 4 (03/21/2023)